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Title: Despite buyout, tobacco farm acres increasing - Production has shifted to middle, western portions of state

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For the second year in a row, Kentucky farmers are increasing the size of their tobacco crops.

Tobacco production declined by more than 30 percent in 2005, after Congress passed the tobacco quota buyout. In 2004, farmers grew 106,000 pounds of burley tobacco, but only 70,000 acres were grown in the first post-buyout season of 2005.

But farmers planted 73,000 acres of burley in 2006. This year, according to a June acreage report from the Kentucky Agricultural Statistics Service, farmers will plant 77,000 acres of burley.

The large decline and gradual rebound was somewhat expected, however. Will Snell, an agricultural economist with the University of Kentucky, said other quota buyouts have followed a similar pattern.

"Even with the peanut buyout in 2002, there was a big reduction in acreage," Snell said. " ... As farmers become more comfortable (with post-buyout production), there is an increase in acres."

While most regions of the state have seen significant declines in tobacco production since 2004, midwestern Kentucky -- which includes the Owensboro region -- increased tobacco production by 25.3 percent. The Purchase area increased its production by 4.9 percent, but every other region cut production, with eastern Kentucky losing 62.4 percent of its tobacco acres in two seasons.

"We knew it was going to shift to the west," Snell said.

The number of dark tobacco acres planted by Kentucky farmers has increased as well. "Dark tobacco acres are up 28 percent since the buyout," Snell said.

Darrell Simpson, Muhlenberg County's extension agent for agriculture, said most of the increase in tobacco production in the county is in dark tobacco.

"We're growing more tobacco in the county than three years ago," Simpson said. " ... The dark-fired, not everyone can grow dark-fired tobacco. It's regionalized, to say the least."

This year, Muhlenberg County farmers have built several new tobacco barns, Simpson said. "That's significant that people are investing in (tobacco) infrastructure," Simpson said.

Clint Hardy, Daviess County's extension agent for agriculture and natural resources, said only a few county farmers have said they were decreasing their tobacco acres or dropping out of tobacco production.

"Overall, most individuals actually increased acres with this crop," Hardy said.

Part of the reason farmers are raising more tobacco now is because they're positioning themselves for future production contracts with cigarette manufacturers such as Philip Morris.

"They want to get the tobacco they want to produce now in case" companies start setting limits in the future, Hardy said. The interest in tobacco is understandable given the profitability of the crop, he said.

"Tobacco is still the number one value crop per acre," Hardy said. "It's very profitable and it's what people are interested in producing."

Snell said: "Tobacco is grown on such small acres. Even with \$4 (per bushel) corn and \$7 beans, it's still very profitable to devote those acres to tobacco."

Snell said the immigration debate could hamper future tobacco expansion in Kentucky, because changes could negatively affect the availability of farm labor.

"It's labor that is really constraining production," Snell said. "... There are a lot of concerns about if we can continue to expand in tobacco."

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